should be accompanied by a cash remittance of Rs. 2 (two only) which is the price fixed for a set of forms and which is not refundable, and the tender forms will be sold till 2 P.M. on 3rd August 1965.

Cheques and postage stamps will not be accepted towards the cost of forms nor will the forms be sent by V.P.P.

819 K. M. ABDUR RAHIM KHAN, *Secy., S.P.C.*

To

All the Indenting Officers,

Sir,

Sub.—Plant and Machinery contracts placed by the Directorate General of Supplies and Disposals—Delay in completion of erection of plant by the consignees and consequent delays in final inspection at site—Prompt payment to the suppliers of balance bills—Releases of Consignees receipt certificate.

No. S. P. C. I am to forward herewith a copy of letter No. 21/2/65-PI dated 29th May 1965, received from the Government of India, Ministry of Industry and supply, New Delhi for information and guidance.

789 K. M. ABDUR RAHIM KHAN, *Secretary, S.P.C.*

Office Memorandum dated 29th May 1965.

Government of India, Ministry of Industry and Supply Department of Supply and Technical Development (Central Sectt, North Block).

Sub.—Plant and Machinery contracts placed by the Directorate General of Supplies and Disposals—Delay in completion of erection of plant by the consignees and consequent delays in final inspection at site—Prompt payment to the suppliers of balance bills—Releases of Consignees receipt certificate.

No. 212/65-PI. The undersigned is directed to say that in the case of contracts for supply and erection of Plant and Machinery, the consignees should take suitable action for the completion of Civil Engineering work required for erection of Plant etc., so that the Plant is erected and inspected within a reasonable time after their receipt complete in all respects. Several instances where erection of the Plant has been delayed at times by more than two or three years have been brought to the notice of this Department. In such cases, it has been observed that the consignees do not think of any preliminary work till such time the Plant and Machinery actually arrives at site. Even after the arrival of the Stores at site, one factor or other remains non-conducive to the consignees for erecting the equipment for a long time, with the result that the Inspectors are forced to make number of enquiries and wait indefinitely to carry out inspection. Also, due to inadequate storage arrangements, defects/deficiencies in the Plant and Machinery have been reported. The Trade and Industry have time and again represented that in several cases the Plants have not been erected, and that they should not be responsible for loss, if any, in such cases. They have also complained about the inordinate delay in the payment of their bills.

2 The matter was discussed with the major indentors at the ninth meeting of the Standing Advisory Committee on Central Purchases held on the 12th February 1962 under the Chairmanship of the then Secretary, Ministry of Works, Housing and Supply. The decision of the Committee is reproduced below :—

> "It was accepted in principle that a time limit should be fixed for carrying out erection and test in Plant and Machinery contracts; this limit being fixed individually in each case on its merits. In cases, where erection could not be done by a definite time, the Directorate General of Supplies and Disposals should be informed".

It has, therefore been decided that the indentors should on the basis of their past experience indicate in their indents for plant and Machinery minimum possible time required for erection after their receipt at the consignees' end. This period should not normally exceed eight months after receipt of the entire plant at site and the indentors should make all the preliminary arrangements during the intervening period between the date of placement of the indent and the probable date of receipt of stores, so that erection of plant and Machinery is undertaken immediately on receipt and completed by the period stipulated. Where it is not possible to give a definite or even an approximate time schedule for the purpose, the indentors should indicate such a time schedule at the time when the Directorate General of Supplies and Disposals placed the A/T, depending upon the quotations received, the type of equipment ordered and the delivery period offered by the suppliers. Where the time schedule is not adhered to by the indentor, the Directorate General of Supplies and Disposals will make the balance payment to the Suppliers without any further reference to the consignee/indentor, unless the consignee has reported defects/ eficiencies in the stores received, or the firm is responsible for the delay.

3 In such cases, the Directorate General of Supplies and Disposals have already been authorised to release the last instalment of the payment after the expiry of eight months from the date of receipt of the last consignment at site (unless otherwise stipulated in the contract). Provided that no defect or shortage (proved or unproved) comes to the notice within this period. They will now be bringing to the notice of the Heads of Departments (by name), the past cases where due to non-receipt of intimation from the consignees, the final inspection at site has yet to be undertaken or where balance 10% bills have been released without final inspection/consignees receipt certificate. In regard to future cases, the letter authorising the supoliers to obtain balance payment, without consignees' receipt certificate /final inspection will also be endorsed to the Heads of the Departments of the consignee (by name). Purchase of stores without putting them into immediate use is against the principles of economical purchasing.

4 In view of the circumstances explained above, the State Governments and the Ministry of Railways etc are requested to investigate the reasons for the delay in installation or release of consignees receipt certificate and ensure that Government's interests are adequately safeguarded, as and when such cases are brought to their notice.

789 R. DAYAL, Under Secy. to the Govt. of India.